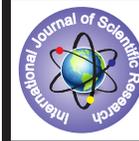


## The Influence of Demographic Variables on Customer Adoption of E-Banking Services



### Finance

**KEYWORDS :** e-banking, Technology services, Customer adoption

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### ABSTRACT

20th century has observed intense technological changes among which is the arrival of electronic commerce, where the products and services are traded through the telecommunication technology. (Kalakota and Whinston, 1997). Electronic banking (e-banking) is the newest delivery channel for banking services. This paper discusses the customer adoption of e banking services in context with their Age, Gender and occupation. The study was conducted among 346 respondents in the Chennai city who use these e banking services. The respondents include both males and females and belong to different Age group consisting of < 20 years, 21-4 years, 41-6 years and > 60 years. Respondents with different fields of their occupation including private sector, Government sector, Doing their own business, and the students were considered for the study. The study revealed that Age, gender and occupation do not significantly influence the customer adoption.

### INTRODUCTION

The Financial services industry along with economic development and social transformation, is moving towards liberalization and globalization. In order to take a complete advantage of the global market, it is significant for organisations to concentrate more on managing their financial services as there have been a number of new financial services and goods obtainable in the market. 20th century has observed intense technological changes among which is the arrival of electronic commerce, where the products and services are traded through the telecommunication technology. (Kalakota and Whinston, 1997). Electronic banking (e-banking) is the newest delivery channel for banking services. e banking has been defined by various researches. e banking refers to services which are provided by banks to customers through computer, mobile phone, telephone etc. Customers can request information to banks and carry out their banking transactions through these electronic media. (Daniel, 1999; Mols, 1998; Sathye, 1999). e banking is becoming common as it is being engaged to trim down costs and remove uncertainties (G.S. Sureshchandar, Chandrasekharan Rajendran, R.N. Anantharaman, 2003). Information Technology has a major role to play in today's information seeking business viz banking Business (Al-Smadi and Al-Wabel, 2011).

### REVIEW OF LITERATURE

#### Electronic Banking

Banks provide services to both their domestic and international customers through their electronic channels. Today, electronic channels are used by banks, to get instructions from their customers and to deliver banks products and services to customers. Electronic banking is generally referred to providing banking services to customers through electronic media. A number of services is offered by banks to its customers through this electronic channel. (Azouzi, 2009).

Banks as well as their customers are benefited through these Electronic banking services. For banks, electronic banking is accepted as a tactic approach; facilitate them to attain competitive benefit and boost their market share. To add employing electronic services can put away the cost of resources, which are required for traditional banking services (Jayawardhena and Foley, 2000). From the customers' point of view, Aladwani, (2001) revealed that electronic banking offer quicker, easier and additional trustworthy services to customers. However, security issues concerned and customers ability to use these e banking applications makes the customers hesitant to use electronic banking services. (Ayrga, 2011).

#### Customer Adoption

Liao and Cheung (2002) in his study have declared that intention to utilize electronic banking decide the customers' adoption of electronic banking. But this differs and there are additional factors which may decide the customer adoption which comprise the progression in technology, based on the user, peer group pressure etc. (Moon & Kim, 2001).

Customer adoption occurs when an individual considers that resources are essential and also conclude the ways offered to perform (Sohail and Shanmugham 2003). The adoption of electronic banking as well depends on the infrastructure, the service delivery methods of the banks and the system of the banks in presenting the services (Lee and Allaway 2002). (Bradley & Stewart, 2003) have stated in their research that banks have mandatorily included these technology services to develop the customer adoption of these services.

### RESEARCH FRAMEWORK

The objective of this research is to study whether Age, gender, occupation and has an influence on customer adoption of electronic banking. The data was collected among respondents who have hands on experience on electronic banking form Chennai city.

#### Sample

This study aims to find out customers' adoption of electronic banking based on Age, gender and occupation. Primary data was collected from potential electronic banking users in Chennai city. The survey yielded 346 usable responses. The reliability of all instruments was assessed by the Cronbach alpha reliability coefficient. The coefficient alphas (Cronbach alphas) for customer adoption was 0.868 which revealed an acceptable level of reliability (alpha >0.70).

#### Profile of the respondents

Most of the respondents (52.5%) belong to the age group of 21 – 40, followed by 41-60 group with 41.9%. 5.8% of the respondents belong to the age group of above 60 years. Majority (90.5%) of the respondents were working with private organisations. 3.5% of the respondents were doing their own business, 1.7% of the respondents with government sector and 4.3% of the respondents were unemployed. 68.8% of the respondents were males and 31.2% were females.

#### Measures - Customer adoption Scale

To measure the level of customer adoption, a five item scale developed by (Shih & Fang 2000) was used. Respondents were asked to state the extent to which they agreed with the statements regarding their customer adoption using a five-point Likert scale which ranged from 5 = 'strongly agree' to 1 = 'strongly disagree'.

#### Hypotheses for the Study

- There is no significant difference in the customer adoption of electronic banking based on age.
- There is no significant difference in the customer adoption of electronic banking between genders.
- There is no significant difference in the customer adoption of electronic banking based on occupation.

#### Tools Used For Analysis

To find out the significant difference in the customer adoption

of electronic banking based on Age and Occupation, Analysis of Variance was used. t – test was used to find out the significant difference in the customer adoption between male and female respondents.

**RESULTS**

**Table: 1 Influence of Age on Customer adoption**

	Age Group			F-value	p value
	21-40	41-60	>60		
Customer adoption	11.98	11.69	11.45	1.749	0.175

Source: Primary Data

The ANOVA table reveals that there is no significant difference in the Customer Adoption (at 5 per cent level of significance) of the respondents belonging to different Age Group. We can infer that Age does not significantly influences the customer adoption of electronic banking.

**Table: 2 Influence of Occupation on Customer Adoption**

	Occupation				F- value	p value
	Unemployed	Private	Business	Retired		
Customer Adoption	11.50	11.75	11.82	12.20	0.324	0.808

Source: Primary Data

The ANOVA table reveals that there is no significant difference in the customer adoption of electronic banking of the respondents belonging to different occupation. We can infer that occupation does not significantly influence the customer adoption of electronic banking of the respondents.

**Table: 3 Independent Sample t-test**

Variable	Gender	N	Mean	SD	t-value	Sig Value
Customer Adoption	Male	238	11.7647	1.71	1.065	0.581
	Female	108	11.9722	1.66		

Source: Primary Data

An independent sample t-test (Table 3) was conducted to find out the difference in the customer adoption based on gender. There is no significant difference in the scores of customer adoption of male respondents (Mean=11.76, SD=1.71) and female respondents (Mean=11.97, SD=1.66); t = 1.065, P value = 0.581. The t- test results suggest that gender does not have an effect on the customer adoption of electronic banking.

**DISCUSSIONS**

Largely the respondents have utilized almost all the electronic banking services provided by their banks. There is no significant difference in the customer adoption of electronic banking of the respondents based on age. We can infer that age does not significantly influences the customer adoption of electronic banking of the respondents. The perception towards customer adoption does not vary with Age. Customers belonging to different age group have the same perception in adopting these electronic banking services. There is no significant difference in the customer adoption of electronic banking based on occupation. We can infer that the occupation of the respondents does not significantly influence the customer adoption of electronic banking. Occupation has no role to play in the customer adoption of electronic banking. People though they are at diverse occupation levels have related usage and awareness of these services. The awareness is created by their individual banks. When taking into account about the customer adoption of electronic banking, similar services are accessible to people who might be in different occupation. There is no influence of occupation on the customer adoption of these services. The t- test results suggest that gender does not have an effect on the customer adoption of electronic banking. Both genders have equivalent level of adoption of these services as now a day's both genders are employed and so they have their individual bank accounts and have their own practice of these technological services. Both genders have a diverse knowledge on these services presented by their banks. Gender does not play a role in link with the technology adoption as both males and females are qualified in today's situation. Banks can create more awareness campaigns on their services offered to their customers. With the raise in the knowledge created by banks there will be more taking on of these services. Banks can also deal with their security part of their services which will assist more customers to make use of these technological services.

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